



SeaLink Travel Group

Half Yearly Report to 31 December, 2015

Tuesday 16th February, 2016



Adelaide
Sightseeing



Kangaroo Island
Odysseys



Jeff Ellison
Chief Executive and Managing Director

Trevor Waller
Chief Financial Officer



CONNECTING AUSTRALIAN
ICONS AND LANDSCAPES
TO THE WORLD.



Section 1 - Highlights



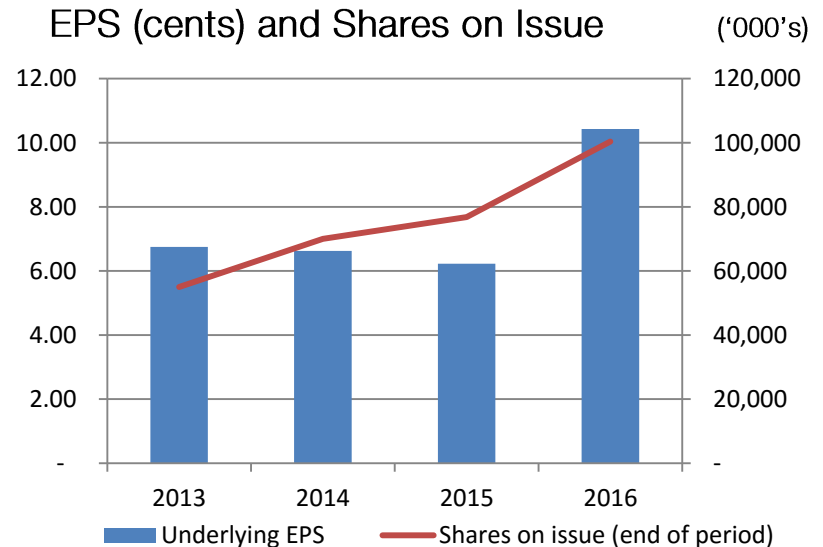
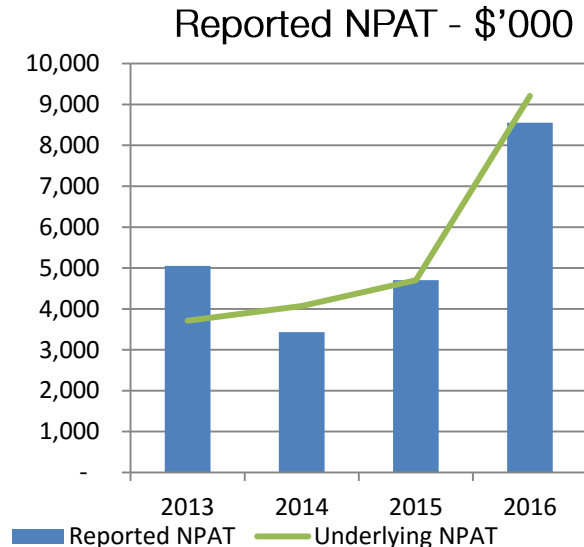
Business Highlights

- Record half year profit
- Acquisition of Transit Systems marine business settled on 6 November, 2015
- Successful fundraising through institutional placement and Share Purchase Plan (\$49.2m)
- Increased bank debt facilities (up \$59.4m)
- Won key operational contracts for ferry transportation to Gladstone LNG plants
- Renewed contracts in South-East Queensland (SEQ) – Moggill Ferry and Mineral Sands
- Successful launch of new ferry service to White Bay Cruise Ship Passenger Terminal
- Appointment of Chair Mr. Andrew McEvoy effective July 2015
- Appointment of Non-Executive Director Ms. Andrea Staines, who joined the Board on 15th February, 2016 to replace Ms. Lucy Hughes Turnbull



Financial Highlights

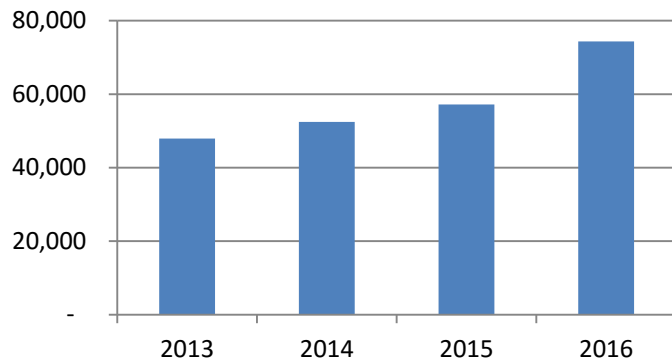
- NPAT of \$8.6m for 1HFY16 is 82% ahead of 1HFY15 of \$4.7m
- Underlying EBIT of recently acquired SEQ and Gladstone business unit of \$5.1m before acquisition related expenses – comfortably meeting expectations
- Underlying EBIT of pre-acquisition businesses of \$8.7m, up 23% on previous corresponding half
- Revenue of pre-acquisition businesses grew 4.3% to \$59.2m from \$56.8m in the previous corresponding half
- Interim fully franked dividend of 4.5 cents per share, up 18% from 3.8 cents per share
- Underlying EPS of 10.4 cents per share, up 68% from 6.2 cents in the previous corresponding half



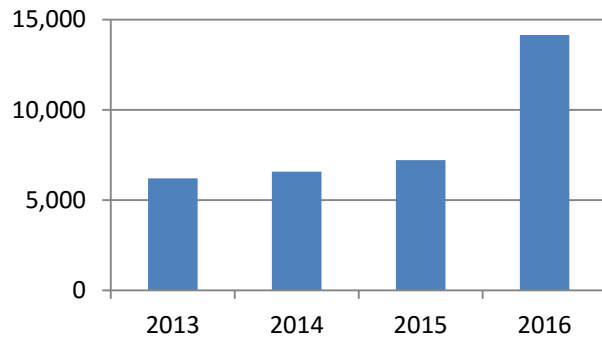
Financial Snapshot – 4 year trend

“Continued solid growth”

Operating Revenue H1 Comparison - \$'000



Underlying EBIT - \$'000



SEALINK TRAVEL GROUP First half of financial year		2013	2014	2015	2016
PERFORMANCE					
Total income	\$m	47.9	52.4	57.2	74.2
Underlying EBITA*	\$m	6.2	6.6	7.2	14.0
Underlying EBITA margin	%	13.0	12.5	12.6	18.9
Underlying NPAT*	\$m	3.7	4.1	4.7	9.2
Underlying EPS* (average)	Cents	6.75	6.6	6.2	10.4
Dividend per share (100% franked)	Cents	3.66	3.66	3.8	4.5
FINANCIAL STRENGTH					
Net assets	\$m	30.8	47.6	59.5	127.8
NTA per share	Cents	42	56	67	89
Gearing	%	34	16	13	34

* Before expenses related to the acquisition of Transit Systems marine operations

Summary Profit Statement

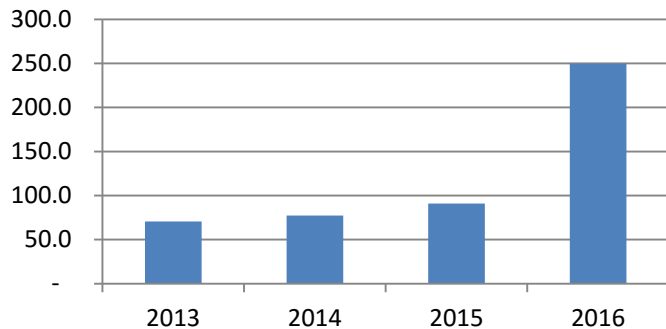
Half year Ending 31 December	2015 \$m	2014 \$m	Growth \$m	Growth %
Operating revenue	74.2	57.1	17.1	30.0
Operating expenses (before interest, acquisition expenses, depreciation and amortisation)	57.1	48.0	9.1	18.9
Underlying EBITDA	17.1	9.1	8.0	89.0
Depreciation/Amortisation	3.1	2.0	1.1	57.1
Underlying EBITA	14.0	7.1	6.9	97.9
Net Interest expense	0.7	0.3	0.4	108.0
Acquisition costs	0.9	-	0.9	N/A
Net Profit before tax	12.3	6.7	5.6	83.6
Income tax expense	3.8	2.0	1.8	87.5
NPAT	8.5	4.7	3.8	81.9
Underlying NPAT	9.2	4.7	4.5	95.9
Basic EPS – cents per share	9.7	6.2	3.5c	56.5

- Operating Revenue rising to \$74.2m, up 30%
- Underlying EBITA (before acquisition - related expenses) up 98% to \$14.0m – as a result of acquisition in second half, and earnings growth from core business units
- Higher net interest expense as a result of debt related to the acquisition
- Basic EPS (including acquisition-related expenses) of 9.7 cents per share, up by 56.5%
- CAPEX spend of \$2.0m

Statement of Financial Position

Prudent gearing and head-room for growth

Total Assets - \$m



	Dec 2015 \$m	June 2015 \$m	Change \$m
Assets	250.0	90.0	160.0
Liabilities	122.6	28.7	(93.9)
Net Assets	127.4	61.3	66.1
Net interest bearing debt	62.4	8.1	(54.3)
Gearing %	34%	13%	(21%)

- \$95.5m of fixed assets acquired through the acquisition of Transit Systems marine businesses
- \$60.5m equity capital raised via share placement, SPP and purchase consideration
- 0.98m options outstanding
- New acquisition intangibles of \$38.3m including goodwill of \$30.7m and customer contracts of \$7.6m
- 100.4m ordinary shares on issue
- Net interest bearing debt up from \$8.1m to \$62.4m

Cash Flow

Continuation of strong earnings quality

Half year Ending 31 December	2015 \$m	2014 \$m	Growth \$m
Receipts from customers	72.5	57.6	14.9
Payments to suppliers	(56.7)	(48.1)	(8.6)
Gross operating cash flow	15.8	9.5	6.3
Net interest	(0.7)	(0.4)	(0.3)
Income tax paid	(2.9)	(2.3)	(0.6)
Net operating cash flow	12.2	6.8	5.4
Net investing cash flows	(112.2)	(3.4)	(108.8)
Proceeds from capital raising	49.2	3.7	45.5
Proceeds from borrowings	60.7	(2.5)	63.2
Dividends paid	(3.1)	(2.8)	(0.3)
Net financing cash flows	106.8	(1.6)	108.4
Cash at the end of the half year	9.3	6.2	3.1

- Good earnings quality with continuing strong correlation between EBITDA and gross operating cash flow
- Gross operating cash flow has improved, reflecting increased profitability from pre-acquisition business units and inclusion of the Transit Systems marine acquisition
- Cash on hand has increased by \$3.1m to \$9.3m at 31st December 2015

MAJOR CAPITAL SPEND

	GROSS OUTLAY \$M
New Pontoon	0.6
Ferry upgrades	0.6
Coaches	0.4
Other	0.4

Section 2 – Business Unit Results and Performance Outlook



SEALINK
Travel Group


Captain Cook
Cruises™

Business Unit Results – SeaLink South Australia

Six Months Ending 31 December	2015 \$m	2014 \$m	Variance \$m
Revenue (external)	32.1	31.5	0.6
Direct expenses –			
Repairs and Maintenance	1.5	1.4	(0.1)
Wages	6.6	6.4	(0.2)
Other	12.1	12.6	0.5
Indirect expenses	3.6	3.6	-
EBITDA (pre corp. allocation)	8.3	7.5	0.8
Depreciation	1.0	0.8	(0.2)
Corporate allocation	1.2	1.6	0.4
EBIT	6.1	5.1	1.0

Results incorporate Murray Princess, which is now managed from South Australia

FINANCIAL HIGHLIGHTS

- EBIT margin growth demonstrates this business unit's strong operating leverage
- Sales growth of 1.9% primarily attributable to higher sales from core ferry operations, coach tours, KI Odyssey and Murray Princess, with declines in lower margin packaging and travel centre revenue
- EBIT margin growth primarily attributable to operating leverage benefits from increased coach tour and KI Odyssey volumes
- Lower Other Expense reflects lower fuel costs and lower travel centre costs
- Ferry base wages up due to new EBA and additional hours on SeaLion 2000 ferry refurbishment

OPERATIONAL HIGHLIGHTS

News	<ul style="list-style-type: none"> ■ Winner of 'Best Tour Activity in South Australia' award at the 2015 Golden Backpacker awards ■ Construction of modified Cape Jervis shore ramp for safer loading of large vehicles ■ Successful promotion of new event – Kangaroo Island Marathon ■ Relocation of Adelaide Coach operations to new enhanced depot
Additions	<ul style="list-style-type: none"> ■ 1 x new 53-seat Scania coaches, 2x Toyota Coaster buses
Murray Princess	<ul style="list-style-type: none"> ■ New refrigerated air-conditioning system



Business Unit Results – Captain Cook Cruises

Six Months Ending 31 December	2015 \$m	2014 \$m	Variance \$m
Revenue (external)	18.7	17.2	1.5
Direct expenses –			
Repairs and Maintenance	1.1	1.3	0.2
Wages	4.9	4.4	(0.5)
Other	6.9	5.7	(1.2)
Indirect expenses	3.4	3.3	(0.1)
EBITDA (pre corp. allocation)	2.4	2.5	(0.1)
Depreciation	0.9	0.9	0.0
Corporate allocation	0.2	0.2	0.0
EBIT	1.3	1.4	(0.1)

OPERATIONAL HIGHLIGHTS

News	<ul style="list-style-type: none"> Commenced the White Bay Cruise Terminal ferry service in November, 2015 Created a profitable Watsons Bay commuter ferry service Record Christmas Day and New Year's Eve in Sydney
Additions	<ul style="list-style-type: none"> Beatrice Bush, floating pontoon for White Bay Cruise Ship Terminal
Upgrades	<ul style="list-style-type: none"> Interior soft refurb of John Cadman 3 Sydney 2000 generators were replaced – greater fuel efficiency and lower emissions

Murray Princess now reported within SeaLink South Australia

FINANCIAL HIGHLIGHTS

- 8.6% sales growth primarily attributable to lunch and dinner cruises and Hop-On Hop-Off and newly created ferry route services
- Lunch and dinner cruises segment experiences pleasing margin growth driven by international and domestic tourist growth
- Charter markets on the harbour have softened with sales down 10%
- Ferry service margins impacted by establishment costs related to new White Bay and Watsons Bay services.
- Price increases are being implemented to lift margins
- Revenue from HCF was slightly down due to lower ad-hoc charter work in the half year
- Opal card has negatively affected the Darling Harbour route



Business Unit Results – SeaLink QLD/NT

Six Months Ending 31 December	2015 \$m	2014 \$m	Variance \$m
Revenue (external)	8.5	8.1	0.4
Direct expenses –			
Repairs and Maintenance	0.8	1.1	0.3
Wages	1.6	1.6	(0.0)
Other	1.7	2.1	0.4
Indirect expenses	2.5	2.3	(0.2)
EBITDA (pre corp. allocation)	1.9	1.0	0.9
Depreciation	0.3	0.3	0.0
Corporate allocation	0.3	0.1	(0.2)
EBIT	1.3	0.6	0.7

FINANCIAL HIGHLIGHTS

- Sales growth of 4.0% primarily attributable to Tiwi Island packaging revenue growth from the tourism market, increased demand for the Magnetic Island service, and higher charter revenue
- Lower R&M expense reflects slipping of MV Reef Cat in previous corresponding half year
- EBIT benefited from lower fuel expenses in line with oil price declines

OPERATIONAL HIGHLIGHTS

News	<ul style="list-style-type: none"> ■ New Tiwi Island Adventure tourism packaging released, increasingly recognised by national travel media ■ New ‘3 Island Tour’ in Townsville ■ QuickTickets introduced to Townsville to streamline ticketing sales
Additions	<ul style="list-style-type: none"> ■ Palm Cat ferry acquired for Townsville services
Upgrades	<ul style="list-style-type: none"> ■ Two engine refurbishments



Business Unit Results – Gladstone and SEQ (formally Transit Systems marine)

Year Ending 31 December	2015 \$m	2014 \$m	Variance \$m
Revenue (external)	15.0	-	N/A
Direct expenses –			
Repairs and Maintenance	0.8	-	N/A
Wages	4.8	-	N/A
Other	1.0	-	N/A
Indirect expenses	1.7	-	N/A
EBITDA (pre corp. allocation)	6.7	-	N/A
Depreciation	0.9	-	N/A
Corporate allocation	1.5	-	N/A
EBIT	4.3	-	N/A

FINANCIAL HIGHLIGHTS

- Gladstone and SEQ is performing to expectations both from a sales and margin perspective
- Opportunities continue to develop to deploy vessels as they roll off Gladstone construction contracts
- All Gladstone vessels excluding the Mandurama, which was located to Sydney, remain under contract
- Fleet performing well with no major repairs required
- Two Gladstone vessels likely to be demobilised from existing construction contracts in March 2016
- Corporate allocation includes all acquisition costs (\$0.9m)

OPERATIONAL HIGHLIGHTS

News	<ul style="list-style-type: none"> ■ Successful business integration post acquisition, with no issues arising
Additions	<ul style="list-style-type: none"> ■ Tug, barge and excavator purchased in January for Mineral Sands contract
Upgrades	<ul style="list-style-type: none"> ■ Alpha Bree barge upgrade
Contracts	<ul style="list-style-type: none"> ■ Moggill Ferry contract renewed ■ Mineral Sands contract renewed ■ Gladstone operational contracts secured



2016 Outlook and focus

- SeaLink's pre-acquisition businesses of South Australia, Sydney, Townsville and Darwin are well-positioned to improve upon their FY15 full year result, assuming normal business and weather conditions
- SeaLink Gladstone is experiencing the positive effect of both the operational and construction phases for the Curtis Island LNG operations
- Stradbroke Island to be integrated into SeaLink's international and domestic marketing program
- H2 of FY16 has started well, with all business units performing ahead of projections for January
- Improving margins for Captain Cook Cruises through price increases
- Improved Revenue Management
- Crystallise opportunities to use the Capricornian vessels post Gladstone construction contracts
- Continue to seek new business acquisition opportunities that will enhance, leverage and complement our current capabilities and growth strategies. This includes opportunities around Australia and New Zealand.



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